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**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking on the Commission's Own Motion to Conduct a Comprehensive Examination of Investor Owned Electric Utilities' Residential Rate Structures, the Transition to Time Varying and Dynamic Rates, and Other Statutory Obligations.

Rulemaking 12-06-013  
(Filed June 21, 2012)

**ADMINISTRATIVE LAW JUDGE'S RULING INVITING  
PREHEARING CONFERENCE STATEMENTS AND SETTING  
NEXT STEPS FOLLOWING THE SEPTEMBER 12, 2016  
MARKETING, EDUCATION & OUTREACH WORKSHOP**

A Prehearing Conference (PHC) is set for October 10, 2016 at 1:30 p.m. in Commission Courtroom, State Office Building, 505 Van Ness Avenue, San Francisco, California. This ruling invites parties to file PHC statements. This ruling also sets next steps for Marketing, Education & Outreach (ME&O) following the September 12, 2016 workshop.

**1. Section 745 Next Steps PHC**

Decision (D.) 16-09-016 addressed many of the statutory interpretation issues necessary to implement California Public Utilities Code Section 745 (Section 745). D.16-09-016 noted that there are additional issues related to Section 745 that must still be resolved. These issues include:

First, operational and technical issues, such as those identified in the Section 745 Matrix, must be resolved. Second, after data has been collected, a decision will be made regarding whether

the Section 745(c)(2) requirement to prevent unreasonable hardship caused by default TOU [Time-of-Use] rates has been met. Finally, Section 745(d) will be considered for the default TOU rates proposed this December and in 2018 by each IOU [Investor-owned Utility]. (See D.16-09-016 at 31-32.)

The primary purpose of the October 2016 PHC is to identify the remaining issues and the appropriate procedural vehicle for Commission approval (i.e., ruling, decision, future advice letter). We will also discuss the procedural schedule for resolving these issues.

Parties are invited to file PHC statements 1) identifying open Section 745 issues and suggesting specific approaches to efficiently address these issues, and 2) setting forth a proposed procedural schedule. PHC statements must be served and filed no later than October 6, 2016.

When preparing PHC statements, parties may wish to consult the following documents: 1) D.16-09-016; 2) the Section 745 Matrix;<sup>1</sup> and 3) the Draft Procedural Schedule for Commission Decision on Section 745(c)(2) and the Default Residential TOU Pilots. The draft procedural schedule was reviewed by the Time-of-Use Working Group and is attached for reference at the end of this ruling.

## **2. ME&O**

At the September 12, 2016 ME&O workshop, parties raised a number of issues regarding the ME&O Blueprint and the common outline for the November 2016 ME&O Advice Letters. A revised common outline,

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<sup>1</sup> The Section 745 Matrix was added to the administrative record by ruling on August 10, 2016.

incorporating comments from the workshop, is attached to this ruling. The three IOUs are directed to follow this common outline for their respective November 2016 ME&O Advice Letters.

The October PHC will provide an opportunity for further discussion of these issues. Parties are invited to include ME&O issues in their PHC statements, with an emphasis on issues that could be resolved in tandem with the next Section 745 decision.

We anticipate that additional meetings of the ME&O working group will be necessary. Parties are reminded that the working group was formed pursuant to Ordering Paragraph 14 of D.15-07-001. The ME&O working group has a critical role in development of a reasonable ME&O plan for Rulemaking (R.) 12-06-013. The work of the ME&O working group also contributes to the pilot design and evaluation necessary to comply with Section 745. To encourage intervenor participation in these working groups, this ruling reminds intervenors that participation in the working groups is eligible for compensation to the extent permitted by law and by the Commission's Rules of Practice and Procedure.

**IT IS SO RULED.**

Dated September 30, 2016, at San Francisco, California.

/s/ JEANNE M. MCKINNEY

Jeanne M. McKinney  
Administrative Law Judge

### Attachment

#### DRAFT Procedural Schedule for CPUC Decision on Section 745(c)(2) and the Default Residential TOU Pilots

Date	Action	Comments
December 2016	Survey of opt-in pilot participants completed, raw data submitted to Research Into Action (RIA).	This is the raw data on how 745(c)(2) customers respond to TOU that will be used in part to determine, among other factors, whether “unreasonable hardship” exists for these customers for the purposes of the default TOU pilot.
December 16, 2016	IOUs submit proposals for default pilots.	These proposals will mention that identifying 745(c)(2) customers and including them in default pilots will need to wait until a CPUC decision in 2017. Default pilots will therefore be designed to operate without those customers, if necessary, depending on how they are defined.
January 2017	RIA analyzes survey data.	
Late February 2017	RIA releases interim data findings from the 2016 survey to the TOU WG.	Need a procedural mechanism to get the interim findings into the record of R.12-06-013 and/or the Advice Letter “record” (perhaps as a supplement to the default pilot plan ALs) for IOUs to use in filings – also need to set mechanism for discovery from interested parties.

Date	Action	Comments
Late February 2017	ED issues draft Resolutions on IOUs' Default TOU Pilot ALs.	Depends on how quickly reviews are completed, probably a best-case scenario.
Mid-March 2017	Opening Comments on Draft Resolutions.	
Late March 2017	Reply Comments on Draft Resolutions.	
By end of April 2017	CPUC votes out Resolutions.	Approval of Resolutions would be made subject to any changes from the eventual 745(c)(2) Decision issued in R.12-06-013.
3d week of April 2017	Discovery completed on interim data findings, parties begin preparing factual showings/legal arguments.	Note that if evidentiary hearings are deemed necessary this could add 3-4 weeks to this schedule.
End of April 2017	Parties file Opening Briefs, and serve Data Analysis, on 745(c)(2) "unreasonable hardship" determination.	Note that mixing Opening Briefs and Data Analysis will present workload challenges to the parties. ED may wish to include RIA "synthetic" report on hardship to the record at this point.
3d week of May 2017	Parties file Reply Briefs, and serve responses to Data Analysis on 745(c)(2) "unreasonable hardship" questions.	
Late July 2017	ALJ issues PD on remaining 745(c)(2) "unreasonable hardship" questions and any outstanding 745 issues related to default pilots (e.g., categorical exclusions).	Gives two months for drafting of PD - possible to shorten this timeframe if PD drafting begins once opening briefs are filed? Any interactions with GRC IIs?

<b>Date</b>	<b>Action</b>	<b>Comments</b>
Mid-August 2017 (20 days after PD mails)	Comments on PD received.	
Late August 2017	Reply Comments on PD received.	
1st meeting in September 2017	CPUC issues 745(c)(2) Final Decision.	Leaves IOUs only ~2.5 months to make changes if Decision requires changes to previously approved default pilot plans. This may or may not be feasible depending on the changes.
Late September 2017	IOUs file Tier 1 amendments on any required changes to default pilots per 745(c)(2) Decision.	Unclear if it needs to be Tier 2 instead. Not if 745(c)(2) Decision is clear on requirements?

(END OF ATTACHMENT A)

## **Attachment B**

### **Common Outline for Rate Reform ME&O Plans**

#### **1. Executive Summary.**

This section will be a brief overview of what will be included in the document and key priorities of the plan.

#### **2. Regulatory background & objectives**

The investor-owned utilities (IOUs) will address the regulatory drivers (including: decisions, Assigned Commissioner or Administrative Law Judge Rulings, consultant, and working groups), rate transition milestones and objectives that have led to the marketing strategy included in the Marketing, Education & Outreach (ME&O) plan.

#### **3. Market and situation overview**

This section will include an in depth review of each IOU's diverse customer base, demographics, psychographics and personas/segmentation, as relevant. The section will also include qualitative and quantitative research related to customer's engagement with energy and rates, key learnings, and other relevant foundations to the IOUs plan. Please include a description of current segmentation strategies and any gaps between the current situation and the segmentation strategies suggested in the Greenberg report.

#### **4. Product profiles and evolution**

This section will be a review of rate changes related to the tiered glidepath, time-of use (TOU) plans and pilots.

#### **5. Learning from current efforts**

This section will contain relevant results from marketing related to tier collapse and the TOU pilots that will be leveraged for ME&O moving forward.

## **6. Overall marketing outreach and education introduction**

This section will provide an overview of how the Statewide and local IOU ME&O plans work together and will demonstrate how connecting with customers on an emotional level (EQ) and providing education (IQ) are integral parts of the marketing strategy.

## **7. Statewide campaign plan**

This section will focus on how a statewide marketing campaign will be developed to further rate reform objectives. Please include suggestions on what format a statewide campaign should take.

## **8. IOU marketing plan**

This section will include IOU specific business and marketing objectives, goals, strategies, target audiences, segmentation strategy, messaging strategy, tactics, and a communications calendar. This section will also identify strategies required for specific customer segments such as low income or other hard to reach customers, including customers with disabilities, customers who prefer languages other than English. This section will also detail how rate reform related messaging and co-marketing will be integrated into ME&O strategies for California Alternatives Rates for Energy, energy efficiency and demand response programs as required by the Decision 15-07-001 as well as how these programs will be leveraged to further rate reform. This section will also discuss how rate reform education will be integrated into utility operations and channels including plans for new customers as directed by the July 22, 2016 Ruling.

## **9. Partner and Community Based Organization (CBO) strategy**

This section will include how the IOUs intend to leverage partnership organizations and community based organizations to reach specific customer groups and hard to reach customers. This section will also identify how rates



messaging will coordinate with other messaging that partner groups are asked to disseminate.

#### **10. Measurement and metrics**

This section will include the established IOU metrics and those recommended by Greenberg as appropriate, associated targets, and plans for evaluation or research to monitor progress towards the residential TOU goals. This section will also discuss the results of the Hiner baseline study conducted in March 2016. Please include the potential evaluation schedule.

#### **11. Budget**

This section will include a high level budget estimate for ME&O activities based on the plan developed and leverage any assumptions presented within the plan. This section will include the mechanism planned for budget recovery. Please include any ideas for leveraging current ME&O budgets through co-marketing and/or potential synergies that can lower costs. If there are decisions you believe the CPUC needs to make to facilitate this, please indicate.

#### **12. Marketing Automation**

This section will address current capacity and future plans for marketing automation. The Greenberg Blueprint recommends marketing automation in order to enable targeted and responsive marketing based on bill impacts, as well as to have the raw capacity to properly service customers. Greenberg states that most of the data to target and service customers exists today, but new data management and integration services will be required to effectively use the data to ensure an effective customer experience. This section of the outline will include a description of the IOU's current capacity for marketing automation, information on planned upgrades, summary of requirements and budget to

achieve additional marketing automation to the extent necessary to fulfill the IOU's proposed ME&O plan.

**13. Appendix**

The appendix will include any related documents for reference, a profile of the IOU ME&O team members, and a copy of the ME&O blueprint as required by the Administrative Law Judge ruling issued on December 17, 2015.

(END OF ATTACHMENT B)